



# Quarterly Review and Outlook

## WINTER 2003

### Todd Talks.....

*The Treasurer's Office is located at 301 West Jefferson Street, Ste. 100  
website address: <http://treasurer.maricopa.gov>  
Hours of operation - 8 a.m. to 5 p.m. weekdays*

**A**h yes we are in a new year. Together with fresh hopes and promises we expect to do good and accomplish great things. Lest we forget --- there are some things that remain the same, that is to say, continue on and without much change. You're right! It's that time of year when the Arizona Legislature convenes at the Capitol to attend to the business of making sure our Great State will continue to exist for at least another year.

The 'always on the job' County Treasurers of Arizona are prepared to continue their effort to update and modernize the Arizona Revised Statutes with respect to the Treasurer's duties and man-

dated responsibilities. This year we have introduced one bill, Senate bill 1069. This bill provides the ability to sunset tax liens that were sold prior to August 22, 2002 and also enables tax lien purchasers to pursue both a compromise of tax and the possible abatement thereof.

While the rest of you are busy breaking your New Year's resolutions, the Maricopa County Treasurer's Office is celebrating the conclusion of the 2003 edition of the Delinquent Tax Lien Sale. The sale began February 10, 2003 and finished before the week was over. This year's delinquencies are once again up from the previous year with 28,438 parcels being advertised

versus 27,612 for 2002. This year's delinquencies represent \$27,879,375 up \$1,436,310 from the previous year. This year we sold 14,156 tax liens (an increase of 826 or 2.99% over the previous year) while total sales were \$19,425,495 consisting of \$15,779,144 in back taxes and \$3,646,351 in interest and fees).

On the subject of paying taxes, we continue to receive numerous payments by Credit Card via the Internet and through our Integrated Voice Response System. To date we have posted \$8,156,061.83 in credit card payments accounting for 7,754 transactions.

Until next time, this is Treasurer Todd signing out.

# ON THE ECONOMIC FRONT

By Mike Roberts

Just about everyone expected the Fed to leave rates unchanged at last week's meeting, but the Federal Open Market Committee's (FOMC) decision not to warn that the balance of risks had tilted to weakness was a surprise. After all, the announcement acknowledged that the economy is sputtering thanks to high oil prices and "other geopolitical risks," (Fed-speak for fear of war in Iraq).

By opting against a bias, Chairman Greenspan sent a clear message. Not only did the FOMC leave rates unchanged in January, the FOMC has no intention of raising rates in March. The key section of the announcement reads, "the Committee believes that as

those risks lift, as most analysts expect, the accommodative stance of monetary policy, coupled with ongoing growth in productivity, will provide support to an improving economic climate over time." This is a particularly deft turn of phrase. In one sentence, Greenspan conveys the message that the basis for a recovery is already in place, that the Fed has no further intention of cutting rates and that the markets (represented by "most analysts") agree with this view.

The bond market started falling at once, and stocks, taking their cue from bonds, started to rally. For now, investors are placing their faith in Greenspan's ability to see the future. But there's considerable risk to the Fed's

credibility if the data does not quickly back up the Fed's expectations. The first significant test will come with next Friday's employment report. December's drop of 100k was probably due to technical factors in the retail sector. If payrolls don't rebound, however, we'll have to reassess that view. So will the Fed.

Then there's the risk that oil prices stay high and other "geopolitical risks" don't go away at once. Or, that the fundamentals won't support growth even when American businesses don't have to deal with the threat of war. In any of these circumstances, the Fed's reluctance to ease could badly hurt stocks and further boost bonds..

## MARICOPA COUNTY TREASURER INVESTMENTS PORTFOLIO REPORT DECEMBER 31, 2002

<u>Issue</u>	<u>Name</u>	<u>No. of Investments</u>	<u>Par Value in Millions</u>	<u>Avg Days to Maturity</u>	<u>Avg YTM</u>
FCDN	Farm Cred Disc Note	3	\$51.950	348	2.223%
FHDN	Fed Hm Ln Bnk Disc Note	12	\$263.720	16	1.698%
FHLB	Fed Home Loan Bank	32	\$381.250	952	3.525%
FHLMC	Fed Hm Ln Mtg Corp	16	\$234.015	915	2.978%
FMCDN	Fed Hm Ln Mtg Corp Disc Note	15	\$208.011	20	1.564%
FNDN	Fed Natl Mtge Disc Note	23	\$435.435	22	1.311%
FNMA	Fed Natl Mtg Assoc	18	\$233.675	761	4.453%
<b>Report Totals</b>			<b><u>\$1,808,056</u></b>	<b><u>438</u></b>	<b><u>2.380%</u></b>

## Second Quarter Interest Income Report

<u>Issue</u>	<u>Interest Earned</u>
FCDN TOTAL	\$850,681
FFCB TOTAL	\$193,786
FHDN TOTAL	\$1,461,422
FHLB TOTAL	\$8,990,244
FHLMC TOTAL	\$3,925,633
FMCDN TOTAL	\$1,128,544
FNDN TOTAL	\$3,100,521
FNMA TOTAL	\$6,122,416
REPO TOTAL	\$1,940
SLMA TOTAL	\$381,864
SMDN TOTAL	\$210,702
TVDN TOTAL	\$264,445
<b>Y.T.D. Total</b>	<b><u>\$26,632,198</u></b>